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                     UNITED STATES DISTRICT COURT
                     EASTERN DISTRICT OF MISSOURI
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     UNITED STATES OF AMERICA,
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          Plaintiff,
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                                   Cause No. 4:19CR-00980 HEA
          VS.
 5
     HAITAO XIANG,
 6
          Defendant.
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     ______
                          SENTENCING HEARING
 8
                  BEFORE THE HONORABLE HENRY E. AUTREY
 9
                     UNITED STATES DISTRICT JUDGE
                      -- VIA VIDEO CONFERENCE --
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                            APRIL 7, 2022
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12
                              APPEARANCES
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     Appearances Continued on the Next Page:
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                             Reported by:
23
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                       Official Court Reporter
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                     United States District Court
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       Interpreter:
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     May Huang
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                (THE PROCEEDINGS BEGAN AT 10:06 A.M.)
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      (THE FOLLOWING PROCEEDINGS WERE HELD VIA VIDEO CONFERENCE
 3
     WITH THE DEFENDANT PRESENT VIA VIDEO:)
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                THE CLERK: All right. Good morning, Judge.
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     have a couple of announcements. We have some callers on the
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     line, so I'll go ahead and make my first announcement.
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                So all those on the zoom call pursuant to Local
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     Rule 13.02 all means of photographing, recording,
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     broadcasting and televising are prohibited in this court.
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                And, Judge, the Defendant has requested not to use
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     the interpreter at this time.
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                THE COURT: Okay. Have you already sworn in the
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     interpreter anyway?
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                THE CLERK: I have not.
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                THE COURT: Why don't we just do that anyway to be
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     on the safe side.
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                THE CLERK:
                           Ms. May.
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                THE INTERPRETER: Yes.
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               THE CLERK: If you can raise please your right
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     hand.
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                (Interpreter Sworn in by the Clerk.)
22
               THE CLERK:
                           Thank you.
23
                THE COURT:
                            Thank you.
24
               This is the matter of the United States of America
25
     versus Haitao Xiang. The Case Number is 4:19-CR-000980 HEA.
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1 We're before the Court for purposes of sentencing at this 2 time. Has the Defendant pled guilty in this matter? 3 THE DEFENDANT: Yes. 4 THE COURT: That was on January 6th, 2022. 5 Sentencing was deferred pending the receipt of the 6 presentencing investigation report, which the Court has now 7 received and reviewed. 8 Let the record further reflect that the Defendant 9 appears with counsel Mr. Vadim Glozman. The United States appears through Mr. Matt Drake. 10 11 This matter is proceeding by video consistent with 12 the letter and spirit of the CARES Act as it relates to 13 certain criminal proceedings as well as being consistent with 14 the court order issued by Judge Sippel, Chief Judge of the 15 Eastern District of Missouri, that allows for continuing 16 operations of the Court during these pandemic circumstances. 17 Mr. Glozman, on behalf of the Defendant are you 18 ready to proceed? 19 MR. GLOZMAN: The defense is ready, Your Honor. 20 THE COURT: Do you have any objections to 21 proceeding by video? 22 MR. GLOZMAN: No objections. 23 THE COURT: Have you had the opportunity to review 24 the presentence investigation report with your client? 25 I have, Your Honor. MR. GLOZMAN:

THE COURT: And are there any objections to the report as a result of your meeting with your client?

MR. GLOZMAN: Yes, Your Honor. We have several objections that we were able to work through with the probation office. There are three outstanding objections.

One is regarding a statement contained in Paragraph 31 in the presentence report.

The second objection is a special condition of supervision that's contained in Paragraph 103.

And the third and probable significant one is the objection to the restitution that is being sought in this matter.

THE COURT: All right. So let's go over those objections, and we'll start with Paragraph 31.

MR. GLOZMAN: Your Honor, what the objection to this is that Paragraph 31 states that, quote, "By stealing and utilizing Monsanto's trade secret, Xiang would have eliminated Monsanto's exclusive access to their proprietary information which would reduce Monsanto's international market value."

Now, this is a statement that's saying it would have done this when there is absolutely no evidence to support this just as there's no evidence to warrant any loss in this case. This is complete speculation based on nothing.

In the final PSR addendum the probation officer in

the final part of this paragraph says won't -- if it could have affected it, but, again, that's just conjecture based on nothing. The PSR is supposed to be based on facts and the law, and there's supposed to be factual objections. This is kind of speculation by what could have happened if this was successful. And it's just inappropriate to have such definitive language in this thing if it would have occurred as it says.

THE COURT: Mr. Drake, what say you?

MR. DRAKE: Well, thank you, Your Honor. The Government's position, Judge, is that the PSR in that statement in Paragraph 31 is accurate. It is certainly true that by Dr. Xiang -- Defendant's theft of Monsanto's trade secret he certainly deprived them of their exclusive access to their proprietary information, so that statement is factually true. By taking the trade secret he did profit off of their exclusivity to their proprietary information.

To the defense's point about the market share it is true that the Government does not have proof that Monsanto's market share has been impacted or reduced. However, I think it is -- it is accurate to say that by depriving them of the exclusive access and control over their property Monsanto's market share could be impacted in some negative way. And we've addressed that in the response that we filed, Judge, with the Court in response to the Defendant's objections.

In other words, if the PRC, the People's Republic of China, could have gotten use of this product, it certainly could deprive Monsanto of that marketplace in the future should they ever go into China. It could also deprive them of the ability to market their product and be international players in the future if the PRC, the People's Republic of China, were to market it on the international marketplace.

And even if they did none of those things, Judge, and they just developed the trade secret in their own country, it can reduce the United States agricultural producers' ability to sell to that country in the future.

Now, I realize, and I think the defense makes a good point, that a lot of that is speculative and could and may, but I do think that by the theft of the trade secret there is value and truth to the fact that it could affect Monsanto's market value in the future. I think that the PSR is accurate to that point.

THE COURT: Mr. Glozman.

MR. GLOZMAN: Well, the PSR says that it wasn't a factor which is definitive, and, again, Mr. Drake is saying all of these things that could and may have happened, and we can talk for days about what could or may happen based on nothing beside speculation.

If Your Honor wants to consider that with 3553(a), you, of course, are entitled to do that, but I think as far

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     as the PSR goes for the fact of it saying something could
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     happen is not a fact. It's just speculation.
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                THE COURT: Anything else?
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                MR. GLOZMAN: No.
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                MR. DRAKE:
                           No.
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                THE COURT: All right. As to this objection
 7
     referencing Paragraph 31 of the presentence investigative
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     report, the arguments presented by counsel on the record as
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     well as those noted as a matter of record either by filings
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     or motions the motion is overruled and denied. The
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     conclusions that were set out in Paragraph 31 are entirely
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     correct and appropriate and consistent with the guidelines
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     and the notes.
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                And we're moving on to Paragraph 103.
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                MR. GLOZMAN: Your Honor, with that we'll just --
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     we'll rest on our submission as to believing that it's not
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     warranted in this --
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                THE COURT: Okay.
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                MR. GLOZMAN: -- on the basis of the Fourth
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     Amendment and pertaining to what actually happened here.
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                THE COURT: Any response further other than the
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     response that you have already filed, Mr. Drake?
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                MR. DRAKE: Well, just briefly, Your Honor.
                                                              This
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     is a pretty routine condition that is used in this district
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     as the Court is well aware.
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THE COURT: Uh-huh.

MR. DRAKE: Dr. Xiang in this instance stole a piece of information, he took it to his home, and he later put it on electronic devices that he was trying to remove from the country. A search -- a condition related to searching a residence or electronics with reasonable grounds is I think particularly appropriate given the manner in which the crime was committed, Judge.

THE COURT: Yeah. So the objection regarding Paragraph 103 is overruled and denied. Mr. Drake is entirely accurate with respect to that being a standard condition of supervision in this district, and especially under the circumstances such as this regarding the use of technology and inappropriate use.

Restitution amount, Mr. Glozman.

MR. GLOZMAN: Your Honor, I think there's two major issues here with the restitution amount. And before I get to them I think first the statute says, perhaps, to be an actual loss for there to be the -- under the MVRA there has to be actual loss, and there is no actual loss in this case. Everyone agrees to that.

And also there's a 60-day notice requirement and which was completely ignored in this case. We were not given the notice until last -- late last week, so procedurally it's completely improper.

I'm just going to say \$150,000, and it's approximate -- what we don't know here is if this money was necessary. And it certainly -- we don't have sufficient evidence establishing how they got to that money. I know the Government has filed a response yesterday saying, well, he needed Monsanto's help, you know, to find this, this and this, and that's all fine, but what we don't know is why it was necessary for them to use the services of the whole law firm to do this.

The law firm didn't have information that the Government would seek. And, you know, I've worked with Mr. Drake and Ms. Carroll for a year and a half now, and they're very able attorneys. And I'm sure that the attorneys at Husch Blackwell are able too, but the Government didn't need their help in, you know, researching the law for this or drafting documents.

They pretty much acted as an intermediary between Monsanto and the Government. And why Monsanto couldn't just talk to the Government directly and get the information they needed we don't know.

So if they wanted to hire attorneys to protect their rights, that's completely up to them to do, and, you know, maybe they should have done that, but that doesn't mean it's a necessary expense that has to do with this case.

And even, you know, we cited Justice Kavanaugh in

the submission thing using these attorneys is not necessary for this sort of prosecution. Sure Monsanto got themselves a safeguard, but what does Husch Blackwell do? And half of the things I remember them doing here is they're showing up for detention hearings and status hearings and sitting in the hard seats for the motion to suppress hearing. And if they're billing for any of that, how in the world is that necessary? It's not. And there has to be a burden here meeting the necessary expenses.

And if Monsanto's participation was necessary, fine, but we have nothing about what Monsanto's going to turn over that was necessary. We have them outsourcing work without proof about why they needed them.

And then this goes to the sufficiency of what they gave us. We have a single sheet of paper that says one number, 150,000, that they want back and nothing to show how they got to that 150,000. There is absolutely nothing in the record saying, Well, this time was spent doing this, and this is why it was necessary. This time was spent doing this, and this is why it was necessary.

We just have one number. We can't argue about whether it was necessary or not, so even if some of the work was necessary, maybe it wasn't the whole 150,000. Maybe it was just 25,000. Maybe it was 50,000. Maybe it was nothing. We don't know.

Even the Eighth Circuit in 2012 said that it's insufficient to just use a general invoice. And this is even less than a general invoice. It's a line that says this is how much money was spent based on, again, no evidence. Nothing to support it. Nothing to support the reasonableness of everything or the sufficiency of everything. And to hold Mr. Xiang accountable for something like this is completely contrary to Eighth Circuit and United States Supreme Court law.

THE COURT: Mr. Drake.

MR. DRAKE: Thank you, Your Honor. Respectfully I disagree with Mr. Glozman on this point, and I think the PSR is accurate. I'll start off with the premise, Judge, that it is true that Monsanto did elect to hire Husch Blackwell to represent them in this, just them, in their endeavors in this case, and I don't think they should be penalized for seeking the advice of counsel of an attorney in trying to figure out how to navigate a Government investigation and the prosecution here.

And the Government did make repeated requests of Monsanto and Climate Corp or Climate as it's known as now to do various things that we wanted to put in our response to investigate loss, a series of loss like R&D or the Defendant's knowledge of what was going on at the company, the marketing things that we have talked about.

And because they chose to go through counsel to do that I don't think that they should be penalized for that, Judge. And, frankly, the Government had to go through counsel, because Monsanto is a corporation is a represent -- a person or party to this endeavor.

I will also point out that my understanding is, and I'm sure Mr. Wilke can correct me if I'm wrong, but I do know that one number that was originally submitted I think that has been supplemented to the probation office with a further breakdown of how they spent their time.

Mr. Diehr, who is on this sentencing hearing by Zoom, Judge, is the attorney that represents Monsanto. He is from Husch Blackwell if the Court has any questions for him. The bottom line is that the statute says when it comes to attending proceedings and stuff it specifically includes attendance at proceedings related to this offense meaning those are allowable costs or expenses that can be reimbursed through a restitution judgment.

And luckily, Judge, it's very fully briefed out by both parties, but I will say that the Court doesn't have to impose -- I mean, I think it should is the Government's position -- restitution under the Mandatory Restitution Act, but it doesn't have to. If the Court is inclined to enter an order of restitution, it can do so as a condition of supervised release and without ever reaching this issue.

The Court doesn't have to do it by statute if it elects not to. It can make it just a condition. And, as the Government points out in its brief, that is not a statutory-based order. It is a condition of supervision order.

And unless the Court has any other questions we'll just rely on our brief and response.

THE COURT: Very well. Anything else, Mr. Glozman?

MR. GLOZMAN: Yes, Your Honor, Mr. Drake mentioned some supplemental documents that were given to probation, and I've seen them. I'm not going to go into the detail of them based on the issues I had yesterday, but it doesn't break down anything to say what was done and why it was done. It adds up hours to get up to something, but it doesn't say why anything was done or why it was necessary.

And about going to court proceedings it still has to be necessary for them to go to a proceeding. This going to a public courtroom and watching something they don't have to watch that's not necessary. There has to be some kind of proof.

And it is their right to get an attorney, but it's not their right to get it reimbursed, not under the law. And that's why this number that's based on nothing that's provable can't be held liable on Mr. Xiang.

1 THE COURT: Anything further? 2 MR. GLOZMAN: No, Your Honor. 3 MR. DRAKE: Judge, the only thing I would add to 4 mine, Your Honor, is if this is an issue that Mr. Glozman 5 brought up the timing of the submission within the 60 days 6 according to the statute, I will say that 3664(d)(5) says if 7 the Court needs further information or further clarification 8 or further evidence of necessity, it allows the Court to set 9 an abeyance for up to 90 days for a decision on this to ask 10 for further information. So if it's a matter of not having 11 sufficient information or data, there is a statute that 12 allows for the Court to request further inquiry. 13 THE COURT: All right. Well, with that being 14 noted you are correct on that, Mr. Drake, and, Mr. Diehr, 15 that might be a good idea so that the record is clear to 16 submit additions to the Court and further explanations of 17 what went into this and that. 18 So what I would propose to do then is ultimately 19 not impose any monetary restitution at this time, but I will 20 consider whatever anyone wants to submit that is provided to 21 the Court in that sense. 22 MR. GLOZMAN: Yes, Your Honor. 23 MR. DRAKE: Yes, Your Honor. 24 THE COURT: Very good. So I guess with that we'll

show the objections regarding the amount of restitution are

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1 under submission at this time subject to additional 2 information to be provided to the Court as previously noted. 3 Do you have that, Heather? Okay. 4 THE CLERK: Yes, Judge, I got that. Thank you. 5 THE COURT: All right. Any other objections to be 6 discussed at this time then, Mr. Glozman? 7 MR. GLOZMAN: No, Your Honor. 8 THE COURT: Now, the Court -- having heard and 9 considered the objections by counsel to the presentence 10 investigation report the Court will accept the presentence investigation report and its conclusions, and I'll certainly 11 12 appreciate any additional information being provided on 13 restitution. 14 (PURSUANT TO LOCAL RULE 13.05, A CONFERENCE WAS 15 HELD ON THE RECORD AND PLACED UNDER SEAL, AFTER WHICH THE 16 FOLLOWING PROCEEDINGS CONTINUED IN OPEN COURT:) 17 THE COURT: Okay. This portion of the transcript 18 has been sealed. 19 And let me ask you this, sir: We've been talking 20 quite a while. In light of the announcement earlier that you 21 did not wish to proceed with an interpreter or did not feel 22 that you needed an interpreter are you satisfied that you 23 have understood everything that we've been discussing here up 24 to this point in time without using or taking advantage of 25 that and the interpreter available to you?

THE DEFENDANT: Yes. So far I can understand.

THE COURT: Okay. Very good. The Court will now conclude that the Total Offense Level applicable to the Defendant is 12. Your Criminal History Category is a I, which in return gives us a guideline provision range of 10 to 16 months and a period of supervised release of 1 to 3 years and a special assessment of \$100, and, of course, there is that restitution figure available which has been noted in our discussions, \$150,458. That fee imposition of same is to be determined at a later date.

Is there anything else you would like to relate to the Court on this matter on behalf of your client,

Mr. Glozman, before the Court imposes its sentence?

MR. GLOZMAN: Yes, Your Honor. I'd like to make an argument pursuant to 3553(a).

THE COURT: Very well.

MR. GLOZMAN: Your Honor, I filed an extensive memorandum about Mr. Xiang's life, and I'm not going to reargue or at least I'll try not to bring anything up that I talked about. I did my best, and I hope I did justice to illustrate the person that Mr. Xiang is aside from the charges against him. That's always hard to do within the confines of a few pages for a person that I've only known for a short period of time during the worst period of his life.

And so I had the character letters attached that I

know Your Honor read by the people who at some point in their lives were touched one way or another by Mr. Xiang's kindness, and that's the one distinct point between all of them.

So a couple of letters are from people who are dumbfounded by the predicament to say the least that Mr. Xiang has found himself in given the abhorrent nature of the charges against him. Granted, I don't know him as well as they do. I do wholeheartedly agree with their sentiments, and I've come to see that in him myself.

And, as an aside briefly, I experienced something in this case that in my short time of being a lawyer at least I've never seen before. I had someone reach out to me who is an inmate in the same jail as Mr. Xiang to tell me how much of a wonderful person Mr. Xiang is and how he hopes everything works out for him. And I know that Mr. Xiang's wife had a similar situation after he was transferred from one county to another, had an inmate reach out and just make sure that everything was okay with Mr. Xiang because the other inmates were praying for him, and you can take that for whatever it is, Your Honor, but I think it speaks volumes of who Mr. Xiang is as a person for people who have their own problems and their own cases specifically to reach out on behalf of another inmate when they have nothing to gain from that other than the fact that he's left a profound mark on

them as a person.

And so I'm faced with this difficult task of reconciling the obvious rift between the aberrational misconduct for which Mr. Xiang as openly and candidly accepted responsibility for and the greater balance of a lifetime of consideration and commitment to family and friends.

And so it is with a great deal of apprehension that I try to do this today not because I lack any confidence in this Court in reaching a sentence that is reasonable and not greater than necessary, but because what has been presented to this Court so far are just Mr. Xiang's actions that I can only describe as being not conforming to his actual character.

The truth is that Mr. Xiang is not an evil person.

He is not a person that gains any sort of pleasure from the misfortune of others, nor is he a person that lacks the capacity to appreciate the effects of his conduct not only on the people closest to him but on the victim of the transgression. Instead, there's a slight distinction in his character that doesn't excuse or explain his actions but I think puts it into context.

And what the character letters come off as it seems like he has a need to pleasure people and to help them, but I think instead if you look between the lines what he has is an

incessant desire not to let people down, not to disappoint them, not to be a disappointment. And the roots of this personality trait I think can be traced back directly to his childhood when he was raised in an authoritarian household with a father that dictated every aspect of his life from the grades he had to get, the jobs he had to hold to support the family as a child, to the clothes he had to wear, making him wear his sister's clothing so they didn't have to purchase his own clothing.

And every time his father felt let down whether it was about the grades he got or a job he had or the friends he had he was abusive. And his father was so abusive that Mr. Xiang's sister was led to attempt suicide on multiple occasions.

And so it is with that that Mr. Xiang learned not to be a disappointment, to do as he's told, to get good grades his entire life, to go to a great college and get a great job that the people in his town only dreamed of getting, to live his father's dream.

But when that father's dream was becoming a reality, Mr. Xiang fell in love. And he fell in love with a woman who would ultimately become his wife and the mother of his child. But she had other plans. She had plans to come study in the United States, a country where she wanted to start a family and raise her kids, a country that was the

exact opposite of where he grew up.

And so Mr. Xiang decided to join her on this journey. He decided to quit his job and apply for a student visa and come to the University of Illinois where he got his Ph.D. and married his wife. They had a beautiful child.

And the next nine years he started working for Monsanto. In about 2015 or '16, about 14 years after he came into this country, Mr. Xiang's father started to demand that he come back to China, that they had spent a tremendous amount of money on his education, and it was time for them to reap the benefits of his success.

And he didn't want to disappoint his parents.

That's what he was taught to do. That's what his culture taught him to do. And his dad was sick at the time. He had cancer. He has since died. And his mother has been sick and is dying right now.

And he felt compelled to go back and to show them what he could do and to look for opportunities. And one of these opportunities came when he was contacted by a recruiter for the Hundred Talents Program. And it was an opportunity where Mr. Xiang could apply the skills and knowledge he had to help them develop something new and something similar to what he knew.

And now we're here. Mr. Xiang never wanted to harm Monsanto. He never intended for them to lose any money

or lose any market share. He never intended for them to lose any business. He wanted to leverage his knowledge and his experience in a new endeavor. That was it.

But clearly that was shortsighted because the harm that can and was done is not limited to financial harm but much more to Monsanto, which I'm sure that they will tell you about today.

The truth is that there's no one present here today that appreciates the gravity and the seriousness of what Mr. Xiang did more than he does, and I say that to Your Honor unequivocally and wholeheartedly. A man that has never wanted to disappoint anyone in his life has now found himself in a situation where he did just that. He disappointed everyone. He disappointed Monsanto, the company that gave him a chance as an international student to brush off his Ph.D.

He disappointed the United States, a country that he called home for nearly two decades. He disappointed the people in China as they are enraged in him because of accepting responsibility for his actions. He disappointed his wife who has stood by him by his side through everything. He disappointed his child. And more importantly he has disappointed himself.

If punishment is a goal of sentencing, I can assure you that Mr. Xiang -- the time he has served so far has done

its purpose. He is a shell of his old self, at least the old self I met a year and a half ago when he had already been in custody for nearly a year. And I can only imagine the difference in the person that he was before he was ever arrested.

There is not a shred of hope or optimism left in his body. And this is not something that he'll ever be able to shake off. It will follow him for the rest of his life. And he finds himself now in limbo not knowing where he will go, because he's being deported from one country that doesn't want him to another country that no longer wants him either. He feels isolated and wronged. He does not know when he's going to see his wife again or if he will or his child or his dying mother.

If retribution is the goal, that's certainly been achieved. And if deterrence is a goal, that's certainly been met. This experience has certainly ensured that Mr. Xiang will never see the inside of a courtroom again. If there's anything I'm certain of, it's that.

And as for general deterrence it's hard to fathom how that hasn't been achieved. Mr. Xiang has sat in custody for nearly two and a half years not being able to fight his case on bond while being a first-time nonviolent offender.

And the time he's spent in custody has now amounted to three times the bottom of the applicable guideline range. If

there is some chance to send a message, this certainly does, Your Honor.

And we know the Government's position is that

Mr. Xiang brought much of this upon himself. It remains fair
that this describes the last two and a half years of his
life. And so today he's going to find out whether he's
completed his time of incarceration or if he is still in the
beginning stages of what's to lie ahead.

Your Honor, I can't begin to presume the difficulty of what you have to do here today, but I do respectfully ask that you take all these mitigating circumstances into consideration. There's also others that have previously been brought to your attention.

And we ask you to look at not only the face of the allegations against Mr. Xiang but his true character. What he did is wrong, and he'll be the first person to admit that. But we need to look at the type of person he was during these transgressions and the circumstances that led to his involvement in the decision that he's made.

And, as I said, when I first started this all too long presentation, I don't know Mr. Xiang as well as the people that wrote the character letters on his behalf, but I wholeheartedly defer to their sentiments. I did get to know him fairly well over the last year and a half. He's a good person, and I see that in him.

And if anyone has earned another chance, Your Honor, it's him and the things that he's done over the course of his life prior to his transgressions, prior to him needing to prove to this Court that his character is not what's reflected in the indictment when no one was keeping track but vividly remember what he's done.

As someone once said what good is the value of a man's life if not given full measure at his time of need?

Well, Your Honor, this is a time of need. Aside from the instant conviction I would ask that Mr. Xiang's actions be treated with compassion in whatever it may be that Your Honor decides.

But, as Mr. Xiang will tell you, whatever sentence, Your Honor, imposes he will deal with it and use it to become a better person, the person that everyone close to him knew him to be.

And so I hope, Your Honor, that you take all this into consideration and sentence Mr. Xiang according to the life he has led as lenient of a sentence as you see fit under the law. Thank you.

THE COURT: Thank you.

Mr. Drake, anything on behalf of the United States?

MR. DRAKE: Yes, Your Honor, very briefly.

First, Your Honor, I'd like to introduce Ms. Nikki

Davis who is on the zoom hearing. She's a representative of

Monsanto, and she is prepared to make a statement on

Monsanto's behalf when the Court deems the timing

appropriate. And I won't go into the matters that she has to

say, but I would like to address a couple of points.

I don't want to belabor or reiterate all of the material that the Government put in its sentencing memorandum, but I do want to make maybe a few points and highlight a couple of things. When Monsanto and what was then The Climate Corporation now known as Climate hired Dr. Xiang, the Defendant, they did so because they believed in him, and they were going to rely on him, and they trusted him. And they were going to rely on him to help them develop the very idea that they existed to produce and market, and that is the trade secret.

And Mr. Glozman is right Dr. Xiang, the Defendant, disappointed them. He let them down when he betrayed their trust when he stole the trade secret. And it wasn't just an isolated thing that happened, Your Honor. It was -- it was a plan, and it was something that was calculated.

And by that I mean he knew what he was doing. He knew it when he was doing the Google searches to say things like when he was searching for things like "evidence that can be used to accuse me or information of third parties." He knew what he was doing then when he was trying to figure out how to get away with the crime he was in the process of

committing.

He also knew it when he was applying to become a recruit for the Hundred Talents program that Mr. Glozman mentioned. That's a state-sponsored program to exfiltrate other information from other countries such as the United States.

And when he was applying for that program, he was describing what he was going to do if he were to get that opportunity in the People's Republic of China. And he knew it while he was working for his employer, and he knew what he was going to take with him when he left, and that was the trade secret that he ultimately stole.

By all accounts, Judge, the PSR points out very clearly Dr. Xiang is a very highly educated, intelligent and smart man, and all of this stuff didn't deter him from stealing what he stole, the Nutritional Optimizer, Judge.

You know, I know and the Court is well aware the loss in this case is very difficult to calculate. And Mr. Glozman is right the Government cannot prove any actual loss. And the ultimate Total Offense Level that the PSR finds is a Level 12, and the Government has agreed with that.

However, given all the Court knows about this case and from the sentencing memorandum I think the Court should recognize, and I urge the Court to recognize that that Total Offense Level of 12 significantly under-represents the

seriousness of what happened here.

Mr. Xiang pled guilty to a conspiracy to commit economic espionage meaning he stole a trade secret for the benefit of another nation, another country, another state, in this case China. And a Level 12 just significantly under-represents the gravity of what happened here, Judge.

And I would urge the Court to consider what the Government put in its sentencing memorandum, which is to sentence the Defendant somewhere between 28 to 37 months, and we provided reasons in our sentencing memorandum how we came to those conclusions, Judge.

So I would ask the Court to vary upward and sentence the Defendant to a term of incarceration that the Court deems appropriate given the circumstances and the consideration of what Mr. Glozman says as well as what the Government has said.

And with that, Judge, I will conclude. And if the Court would at the appropriate opportunity give Ms. Davis an opportunity to speak on behalf of the victim in this case that would be Monsanto, the Government would appreciate that, Judge.

THE COURT: All right. Now, Ms. Davis, are you there? Are you there? The video feed for Ms. Davis it looks like it might be frozen. She may be frozen. Why don't you go out and come back in.

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               MR. DIEHR: Your Honor, if I may, this is Matt
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     Diehr. I am an attorney for --
 3
               THE COURT: Yes.
 4
               MR. DIEHR: -- Climate, LLC. We may have lost
 5
     Ms. Davis' feed. If she comes back on, certainly I will
 6
     defer to her. I can try to summarize, if the Court is so
 7
     inclined, some of what I believe Ms. Davis would have to say.
 8
               THE COURT: Well, hold on, because it looks like
9
     they lost the court reporter's feed also, of course.
10
               All right.
                          Oh, no, there she is. She's there.
11
     Now, before you do that, Mr. Diehr, do you have any objection
12
     to Mr. Diehr making a statement, Mr. Glozman?
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               MR. GLOZMAN: Your Honor, there are a bunch of
14
     objections I would have to anyone making a statement.
15
               THE COURT: Okay. Go ahead, Mr. Diehr.
16
               MR. DRAKE: Your Honor, I may be able to reach her.
17
     Can I take one moment to try to do so?
18
               THE COURT: Yeah, go ahead.
19
               MR. DRAKE: Okay. Thank you.
20
               MS. DAVIS: I do apologize. My connection dropped.
21
               THE COURT: Very good.
                                        Now that everyone can see
22
     and hear you can you state your name for the record, please.
23
               MS. DAVIS: Thank you, Judge. I am Nikki Davis.
24
     I'm the Vice President of Operations at Climate, LLC, which
25
     is a division of Monsanto Company, which is a subsidiary of
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Bayer Crop Science.

THE COURT: Okay. Very well. Go ahead and make your statement, Ms. Davis.

MS. DAVIS: First, I thank the Court for allowing me to speak today on behalf of Climate, and, again, I do apologize for losing my connection.

I have listened very carefully to this hearing today and these proceedings. What I'm here to speak about today is a little bit about the impact of the charges that we're here to discuss that they've had on our company directly, but even more importantly than the company the people that comprise the company.

Although we speak about Monsanto Company and Climate as an entity at the end of the day it's a collection of people. I'm a 20-year veteran of the company where I spent the majority of my career at the company as an intellectual property attorney specializing and partnering in patent trademarks. Although a few years ago I did lose the business aside, but I still have engaged with IP.

And what that history allows me to understand in my prior role as well as my current role is the nature of what our team members, our employees put in to developing any of the technology in the ventures that we have. Now, when I was a patent attorney for the company, I would follow documents around the globe, and one of the hardest things to

do was translate not just the technology but the passion that our team members have for the good that can be done around the world.

We are a great employer. However, we're not the company that pays the highest compensation of all. We're not the employer that has the best benefits in the world, but we are an employer that people come to because of our purpose.

Now, our goal is to help for all, hunger for none.

And there are many individuals who work for this company and have worked for our company that say that was the reason they come to work each day, and it's the reason they stay at work. The confirmation of what we are here to deliver it fundamentally changes the world. It changes the world for the better.

There are people who are fed because of what we do. And with that we have our scientists, we have our researches, we have our software engineers who come to this place each and every day with the intent and focus of helping to deliver that purpose of hunger for none. They bring in ideas that they've had their entire careers. They have new ideas they want to work on together.

And working with the company for 20 years I can tell you especially at Climate, LLC there's no greater place where teamwork and collaboration fosters that innovation.

We sit in a very open environment. I'm in the office today, and I'm in a conference room, because our entire arrangement is set to have open seating so that people can foster together as a team, because we know that is where innovation comes from. That's where innovation stands. And that's the fastest way to develop it from a very good idea to something that we can do to turn it into a product that farmers can use to further their mission and purpose of feeding the world.

when you look at the type of charges that we have today, it arose from a type of collaboration that is fundamental to delivering what we are here to remember, team members. They are exactly that, team members. They rely on each other. They trust each other. They share their greatest ideas and thoughts. They cluster together whether it's virtually or in person to best foster how to turn a really good idea into a great idea.

Our development timelines are accelerated by this level of collaboration by this partnership. When there's a lack of trust, when the culture does not foster that collaboration, when people cannot believe they're all here for the same purpose, that erodes our ability to develop these great inventions that impact what we deliver so tremendously. It means that people are less willing to share, they're less willing to exchange ideas, they're less willing to sit together in a room or virtually and do the

type of collective invention discovery that leads to this development.

That extends our development timelines, and that has a real cost. Yes, there's a financial cost when we extend development timelines. Where there's a greater cost that means that these items that we are developing they don't get to market as fast.

There's also a reverse component of that. Not all of our ideas are the ideas that we want to proceed on. And not all of our ideas should be developed. When people don't work together and talk, we can't come up with a consensus that this is an idea that should not be developed, that we should put this to rest and pivot and pick up another idea that's in the pipeline.

We think of ourselves as an entity, and we are. At the end of the day we are with good people, and we're working for the people built on a common purpose for being here, and that's because we believe that what we're solving, what we're helping the world to address, the hunger that we have.

Improving the lives of everyone through better agriculture comes from something that each of us personally believes in, and we believe in the outer source thinking and working on this together.

That erodes the trust. We can't have it. That erodes our timelines and development, and it really impacts

us greatly. And so, yes, while it may seem to be something that's very contained financially, we can discuss how do we get to that calculation.

What I wanted to share today is that beyond the financials there's this other impact, and that does -- it's something that is not seen beyond the files, not seen beyond the paperwork, because that's something that's felt in the halls of our work environment when there is a concern that I'm not able to trust my colleague when I have to question the motives of why are they here and are we all here for a collective purpose.

So, while I do appreciate everything that counsel has set forth today, I appreciate even greater the opportunity to share what's inside the walls of our company and how incidents such as this does have a chilling effect on the development. It does shape the lives of everyone who's working together collectively to drive this purpose.

And so with that I say thank you.

THE COURT: Thank you. Anything else, Mr. Drake?

MR. DRAKE: Nothing for the Government, Your Honor,
not at this time.

THE COURT: Mr. Xiang, is there anything you want to say on your own behalf?

MR. GLOZMAN: I'm not sure if he heard you, Your Honor.

1 THE COURT: Mr. Xiang, can you hear me? Is there 2 anything you would like to say on your own behalf? 3 THE DEFENDANT: Yes, Your Honor. 4 THE COURT: Go right ahead. 5 THE DEFENDANT: Yes. Your Honor, I've been 6 feeling shame the past 20 months -- I mean, nine months since 7 I have been arrested. I am here today for my past and 8 repent my wrongdoings. So today I want to express my 9 emotions and enter an apology to everyone who has been hurt 10 because of my offense. 11 In particular the first thing I want to apologize 12 is to Monsanto and to the Climate Corporation. I am 13 extremely sorry to them. I'm not a bad man to forgive me. 14 But most of all I want to apologize to the Government and the 15 Court of this country. 16 And last I want to apologize to my family who I 17 disgraced. And, Your Honor, I've been fully surrendering 18 myself to the experience during my incarceration. I'm not 19 the same person anymore. I've truly learned my lesson, and 20 the lesson has been deeply imbedded in my bone marrow. 21 I have committed to the rest of my life to cleanse 22 this thing of my myself, this stain on myself. Your Honor, 23 given a second chance I will do my best not to disappoint 24 anyone anymore. Okay. Thank you. That's all.

THE COURT: Is there any legal cause why sentence

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should not now be pronounced, Mr. Glozman?

MR. GLOZMAN: No, Your Honor.

THE COURT: Mr. Drake?

MR. DRAKE: No, Your Honor.

THE COURT: No legal cause having been shown why sentence should not now be imposed and allocution having been granted, it will be the order and judgment of the Court pursuant to the Sentencing Reform Act of 1984 and as well as the provisions of 18 U.S.C., Section 3553(a), and as well as the statements and the arguments of counsel on the record here today and as well as there were documents filed by counsel for the Defendant and the United States as to their suggested and proposed positions on sentencing.

And the Court under review of all the facts and circumstances of the case and the nature of the charge knowing the nature of this offense and the nature of the facts, the conduct of the Defendant in relation to the charge suggests and demonstrates not exactly what sometimes the guidelines have contemplated in some offenses and don't fully consider and take into account what the real severity of the offense is.

The suggested guideline range here is 10 to

16 months, I believe, which contemplates in my view an

offense or offense conduct which is not merely the same as or

as heinous as the offense and the conduct involving the

Defendant in this instance. In short, the number in the guideline range, therefore, was considerably lower than it should be.

And for that reason I think it's important to highlight the significance of this offense and why I'm varying upward. You know, this is not under the rule a profiting crime or white collar crime where someone took \$2,000. It's not a real ruthless crime. It's not a crime just against a corporation. The nature of the crime is far more significant than that.

The offense is entitled "Conspiracy to Commit Economic Espionage," and that type of offense is far reaching and does far greater harm than just on who the punitive victim is in this case. Monsanto Climate is the victim of the trade secrets taken. Those trade secrets affect a far greater group of people. They affect the nation. I would go so far to say it's an offense that has global impact in its occurrence.

It's not a little crime, so, you know, the Government has suggested that to the Court in their arguments on behalf of the United States in support of that and are significant and reasonable and spot on in relationship with the nature of the offense.

So that being stated the Defendant is committed to the Bureau of Prisons for a term of 29 months.

Upon release from imprisonment, the Defendant will be placed on supervised release for three years. If not deported, the Defendant shall report in person to the probation office within 72 hours of release from the custody of the Bureau of Prison in the district to which the Defendant is released.

The Court has noted earlier that the Court will hold in abeyance its judgment on restitution so that you can forward any information within 90 days in support of that demanded restitution.

The Court will impose a fine of \$150,000. Payments of the fine are to be made to the Clerk of the Court. The interest requirement for the fine is waived.

All criminal monetary penalties are due and payable in full immediately. The Defendant shall pay all criminal monetary penalties to the Clerk of Court. And the Defendant shall make a lump sum payment of \$150,000 within 60 days of the day of sentencing.

Until all criminal monetary penalties are paid in full, the Defendant shall notify the Court and this district's United States Attorney's Office Financial Litigation Unit of any criminal monetary changes in the Defendant's economic circumstances that might affect the Defendant's ability to pay the fine.

The Defendant shall notify this District's United

States Attorney's Office Financial Litigation Unit of any change of mailing or residence address that occurs while any portion of the criminal monetary penalties remain unpaid.

And it's further ordered that the Defendant participate in the Financial Responsibility Program while incarcerated if that is consistent with the Bureau of Prisons' policies.

The mandatory conditions of supervision will attach. The standard conditions of supervision will also attach as well as the special conditions will also be imposed. And if it's determined that there are costs associated with any of the services provided, the Defendant will pay those costs based on a co-payment fee established by the probation office.

And the Defendant must provide the probation officer with access to any requested financial information, and the Defendant will provide information about the shared financial information with the United States Attorney's Office.

The Defendant must not incur any credit charges or open additional lines of credit without the approval of the probation officer.

The Defendant must apply all monies received from any anticipated and/or unexpected financial gains, including income tax refunds, inheritances or judgments to the

outstanding Court-ordered financial obligation. The

Defendant must immediately notify the probation office of the receipt of any indicated monies.

If the judgment imposes a financial penalty, then the Defendant must pay the financial penalty in accordance with the Schedule of Payments sheet of the judgment. The Defendant must also notify the Court of any changes in economic circumstances that would affect his ability to pay this financial penalty.

The Defendant must immediately report, continue to report, or surrender to the United States Immigration and Customs Enforcement and follow all of their instructions and reporting requirements until any deportation proceedings are completed.

If the Defendant is ordered deported from the United States, the Defendant must remain outside the United States unless legally authorized to re-enter. If the Defendant re-enters the United States, the Defendant must report to the nearest probation office within 72 hours of his return.

The Defendant must submit his person, property, house, residence, vehicle, papers, computers, other electronic communications or data storage devices or media or office to a search conducted by the United States probation officer. The Defendant must warn any other occupants that

the premises may be subject to searches pursuant to this condition. The probation officer may conduct a search under this condition only when reasonable suspicion exists that the Defendant has violated a condition of supervision and that the areas to be searched contain evidence of the violation.

It is further ordered that the Defendant shall pay to the United States a special assessment of \$100, which is due immediately.

Anything else, Mr. Glozman?

MR. GLOZMAN: No, Your Honor.

THE COURT: Anything else, Mr. Drake?

MR. DRAKE: Very briefly, Your Honor. Consistent with the plea agreement the Government would move for dismissal of Counts 2 through 8 at this time.

And, Your Honor, I would just bring to the Court's attention that there's a forfeiture allegation as part of this and ask that the Court include in its order of judgment that under 21 United States Code, Section 853 that the Defendant has forfeited his right, title and interest in the property that was previously identified in the preliminary order that was issued on March 31st of this year, Judge. And I can submit to the Court the Government's request for forfeiture language at the conclusion of this proceeding.

THE COURT: Very well. It will be the further order of the Court on oral application of the United States

that Counts 2 through 8 inclusive will be dismissed at this time.

And it will be the further order of the Court that it will be included in the final order of the Court that you are required under 21 U.S.C. Section 853 to forfeit all items that are the subject of the initial preliminary order of forfeiture, and that was entered on March 31st of 2022, and you will be provided the specific form of who to send it to.

Is that, Mr. Drake, what you indicated?

MR. DRAKE: Yes, Your Honor. Thank you.

THE COURT: Okay. Very good.

Now, Mr. Xiang, having sentenced you it's now my opportunity to inform you of your right to appeal. Please listen carefully. You could have appealed the sentence and judgment in this case, but if you have failed to do that within 14 days of the date of the sentence and judgment -- so that would have been 14 days from today, if you did not file your notice of appeal before the 14 days expired, then you would have given up your right to appeal the sentence and judgment in this case.

If you were not able to pay the costs for filing the notice of appeal, you could have requested that the costs be waived, and if the costs were waived, then the Clerk of the Court would have filed a notice of appeal free of charge for you.

1 You would have been able to file your appeal if you 2 believed that the sentence violated the law in some way or 3 was otherwise contrary to the law or if you believe that it was void or voidable on its face for some legal reason. 4 5 Understand, though, that in light of the language 6 in your plea agreement and put on the record consistent with 7 that in the plea agreement you have given up your right to 8 appeal, and you have preserved your ability to file a 9 petition for a writ of habeas corpus under 28 U.S.C. Section 2255, but you are limited to things like ineffective 10 11 assistance of counsel or prosecutorial misconduct, those two 12 things. 13 Do you understand those things that I've just 14 described to you? 15 MR. GLOZMAN: Your Honor, if I may interject. 16 apologize. I don't believe we waived our right to appeal. 17 THE COURT: Oh, I stand corrected then. 18 Do you agree with that, Mr. Drake? 19 MR. DRAKE: Yes, Judge. The Defendant did reserve 20 some additional appellate rights that are not typically 21 I think it was the right to appeal a sentence 22 outside the guidelines, and I believe there was one other 23 issue. Oh, the issue of the motion to suppress. 24 THE COURT: So, yes. Okay. That's fine. I stand

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corrected.

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               You did preserve your right to appeal in that
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     regard, Mr. Xiang, as to those two things. I stand corrected
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     on that as well as you have reserved your right to file the
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     petition for habeas corpus as I referred to.
 5
               Do you understand those things? Do you understand,
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     Mr. Xiang?
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               THE DEFENDANT: What?
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               THE COURT: Do you have any questions about any of
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     those things?
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               THE DEFENDANT: No, Your Honor.
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               THE COURT: That being said the Defendant is now
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     remanded to the custody of the U.S. Marshal to begin the
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     service of his sentence forthwith.
14
               Good luck to you, sir. Stay healthy, stay safe,
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     and the same to everyone else. That will conclude this
16
     proceeding. We're in recess.
17
               MR. GLOZMAN: Thank you, Your Honor.
18
               MR. DRAKE: Thank you, Your Honor.
19
               THE COURT: Thank you all.
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               (PROCEEDINGS CONCLUDED AT 11:09 A.M.)
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CERTIFICATE

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I, Alison M. Garagnani, Registered Merit Reporter and Certified Realtime Reporter, hereby certify that I am a duly appointed Official Court Reporter of the United States District Court for the Eastern District of Missouri.

I further certify that the foregoing is a true and accurate transcript of the proceedings held in the above-entitled case and that said transcript is a true and correct transcription of my stenographic notes.

I further certify that this transcript contains pages 1 through 45 inclusive and that this reporter takes no responsibility for missing or damaged pages of this transcript when same transcript is copied by any party other than this reporter.

Dated Cape Girardeau, Missouri, this 13th day of May, 2022.

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/s/Alison M. Garagnani

20 Alison M. Garagnani, CCR, CSR, RMR. 21 Official Court Reporter

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